

SECRET

28 OCT 1982

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SUBJECT: Topic for DCI Discussions with SecDef at Breakfast Meeting -- 29 October 1982

REDEYE MISSILES

As you are aware, the Government of Pakistan (GOP) was interested in acquiring cost free from the Department of Defense (DOD) 100 Redeye missiles. On 13 May 1982, DOD informed the Agency that cost free missiles could not be made available, but could be sold to the Paks for \$2.8 million.

In response to our cable detailing the above, the GOP told [redacted] now had sufficient Saudi financing to purchase 400 Redeye missiles and asked the following: 25X1

A. Determine that the earlier Defense offer to sell 100 rpt 100 Redeyes for U.S. \$2.8 million is still open (this total price included the cost of the missiles; training in their use, spares, and transport.)

B. Determine if Defense will sell the GOP up to a total of 400 rpt 400 missiles.

C. If Defense will increase the number available for purchase, whether the remaining missiles can be purchased at a lower net cost (i.e., since the "package price" for the first 100 Redeyes includes training costs, these costs should not be factored into the purchase of the remaining 300 missiles.)

Foregoing information was contained in a letter from you to Secretary of Defense on 26 October 1982. Since the original information was received from Islamabad, General Akhtar subsequently has asked if DOD had responded to their questions; the GOP is under some pressure to respond rapidly to the Saudi Government since they want to confirm the Saudi offer of financial assistance. You may wish to discuss this matter with the Secretary of Defense. ✓

Note:  
DOD gave a copy  
of this to Carlucci  
last week

[redacted]  
4 Nov

25X1

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INTELLIGENCE SOURCES  
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## PAKISTAN-US: Demarche on F-16 Equipment

Pakistan has threatened not to accept any of the 40 F-16s ordered last year--including the six scheduled for delivery next month--unless the US approves the advanced ALR-69 radar warning receiver for the aircraft. Islamabad says failure by the US to provide the system--especially after Pakistan has signed an agreement to protect US weapon technologies--would undermine the credibility of Islamabad's defenses and reinforce Pakistani doubts about US reliability. [redacted]

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Comment: Islamabad is unlikely to reject the F-16s, but it is pressing for resolution of the issue before President Zia's visit to the US next month. In the near term, Pakistan probably will honor its pledge to safeguard new US weapon systems to protect the arms supply relationship. Islamabad has provided Beijing with Western arms in the past, however, and continues to have close military relations with the Chinese. It is likely that China will at some point gain access to the new US systems provided to Pakistan, especially if major strains develop in Islamabad's relations with Washington.

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Top Secret

8 November 1982

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Washington, D.C. 20505

DDI 9022-82

8 Nov 82

MEMORANDUM FOR: The Honorable Frank Carlucci  
Deputy Secretary of Defense

SUBJECT: Risk Assessment of the Sale of the AN/ALR-69  
Radar Warning Receiver to Pakistan [redacted]

1. The sale of the AN/ALR-69 Radar Warning Receiver to Pakistan entails a significant risk of the equipment being exploited by China. Pakistan's close military relations with China suggests that Islamabad may at some point give Beijing access to new US weapons it receives, despite having signed a General Security of Military Information Agreement. For the near term, however, we believe Pakistan probably will safeguard the new US arms it receives to protect its arms supply relationship with the US. But major strains in relations with the United States--reinforcing Islamabad's doubts about United States reliability--could cause the Pakistanis to give China access to US arms [redacted]

2. China has obtained French weapons--and possibly US air-to-air missiles--from Pakistan and has negotiated agreements on joint weapons developments based on Western arms technologies acquired by Pakistan. Pakistan is aware of US concerns about unauthorized transfer of US technology to China, but considers its security relations with China more durable than those with the United States. [redacted]

3. Access to the AN/ALR-69 would be beneficial to China. It offers the potential of a significant improvement in radar warning capability should the Chinese choose to copy it. In addition, China would benefit from access to Western avionics fabrication technology gaining several years in the development of a modern radar warning system. Finally, such a system would be useful in any conflict with the Soviet Union. [redacted]

4. Release of the AN/ALR-69 should be stringently controlled. It is the most advanced radar warning receiver in the US Air Force inventory. Compromise of the device might enable a potential adversary to employ his radar equipment in a manner to defeat the AN/ALR-69's capabilities. [redacted]

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SUBJECT: Risk Assessment of the Sale of The AN/ALR-69 Radar Warning Receiver to Pakistan [REDACTED]

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5. On the basis of the points covered above, I believe that the release of the AN/ALR-69 would not be in the best interests of the United States. [REDACTED]

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/s/  
John N. McMahon

Deputy Director of Central Intelligence

## KEY JUDGMENTS

Pakistan's President Zia-ul-Haq faces growing problems but no immediate threat to his rule. His largely benign authoritarian regime has given Pakistan general political stability and substantial economic growth. Zia lacks an organized constituency outside the Army, however, and he could find his hold on power challenged should a strong opposition emerge.

Zia's visit to Washington will be paralleled by the arrival in Pakistan of the most visible symbol of the new US relationship—the first six of 40 F-16 fighter aircraft. Islamabad is aware that only the United States can offset Soviet pressures and provide Pakistan with the sophisticated weapons it believes it needs. The US-Pakistan deal on economic aid and weapons sales undoubtedly has strengthened Pakistan's international position and restored some of its self-confidence. The relationship faces several difficult hurdles, however:

- Islamabad sees nuclear weapons as critical to its long-term survival and continues to develop a nuclear explosives capability. Zia is unlikely to detonate a device, however, while the \$3.2 billion US program remains on track. He also knows that any reprocessing undertaken in Pakistan to acquire plutonium would likely result in the termination of US assistance.
- The Pakistanis continue to doubt the reliability of US commitments and US steadfastness in times of crisis. These doubts—based on earlier disappointments—color current Pakistani concerns about the funding of the US arms package and the precise equipment to be supplied.

Pakistan's leaders believe that the Soviet invasion of Afghanistan fundamentally altered the balance of power in South Asia, and the Zia government has strongly opposed the Soviet occupation of Afghanistan. But Pakistan also views the indefinite presence of 2.5 million Afghan refugees on its own territory as unacceptable. Pakistan therefore has pursued the UN-sponsored indirect talks on a settlement on Afghanistan. Islamabad might accept some conditions, such as accepting a new Kabul government closely tied to the Soviet Union—which the United States would not favor—as long as most Soviet troops left and the refugees returned home. Major concessions, such as recognition of the Babrak government and acceptance of a continued Soviet troop presence are unlikely in at least the next year, even if the US relationship should falter, because of concern over the reaction of conservative religious parties and well-armed Afghan insurgents at home and vital

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friends abroad, such as Saudi Arabia and China.

The primary factor in Pakistan's foreign policy is suspicion of India. Pakistan is aware that it cannot count on US support against India, and therefore continues to view a nuclear capability as its ultimate deterrent. Indo-Pakistani relations are unlikely to improve substantially, despite the ongoing talks on a no-war pact.

Zia and his opponents will plan their current actions with an eye to the Washington visit. Zia may announce a date for nonparty elections, while the political parties plan a series of protests. Terrorist groups may attempt spectacular actions, such as the hijacking of a Pakistani airliner.

Zia's hold on power remains firm for now, but his failure to fashion acceptable political institutions and win broad popular backing leave him vulnerable should he blunder, the economy stagnate, or a popular leader emerge to unite the opposition. Although the opposition parties so far remain ineffective, there are signs of increased impatience with martial law and stronger calls for a return to civilian government through elections. When change comes, it is likely to be abrupt and violent.

The most likely event leading to Zia's downfall would be mass public unrest in Pakistan's major cities, probably stimulated by economic problems. The Army would move quickly to remove Zia if strong discontent should develop. His likely successor would be another general, ruling with civilian support based on the promise of future elections. A new regime might change domestic economic policies, but would be less likely to alter basic foreign policies, including relations with the United States.

Ethnic tensions, especially in Baluchistan, will continue to be an irritant, but do not threaten Pakistan's national integrity. Random terrorist actions are unlikely to bring about the downfall of the government. Terrorism weakens the Zia government to the extent that it undermines public confidence in the regime's ability to maintain public order.

Relatively good economic performance has been an important element in the stability of Zia's regime to date. The potential for continued strong growth exists, but it is threatened by serious structural problems, especially government overregulation. Zia will have to walk a narrow line to carry through on necessary reforms without triggering public discontent over rising prices. Failure to make these reforms will eventually heighten economic problems, making them too abruptly could have adverse, perhaps fatal, political consequences.

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